

The Gazette of India

EXTRAORDINARY

PART II—Section 2

PUBLISHED BY AUTHORITY

No. 30] NEW DELHI, THURSDAY, AUGUST 6, 1959/SRAVANA 15, 1881

LOK SABHA

The following Bill was introduced in Lok Sabha on the 6th August, 1959:—

*BILL No. 51 OF 1959

a bill further to amend the International Monetary Fund and Bank Ordinance, 1945.

BE it enacted by Parliament in the Tenth Year of the Republic of India as follows:—

1. This Act may be called the International Monetary Fund and Bank (Amendment) Act, 1959.

Short title.

47 of 1945.

5 2. In the International Monetary Fund and Bank Ordinance, 1945 (hereinafter referred to as the principal Ordinance), for the word "Ordinance", wherever it occurs, the word "Act" shall be substituted.

Substitution of the word "Act" for the word "Ordinance".

3. For the last paragraph of the preamble and the enacting formula, the words "BE it enacted as follows:—" shall be substituted.

Amendment of preamble and enacting formula.

10 4. In sub-section (1) of section 2 of the principal Ordinance,—

Amendment of section 2.

(i) in the opening paragraph, for the words "revenues of the Central Government", the words "Consolidated Fund of India" shall be substituted;

*The President has, in pursuance of clauses (1) and (3) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to Lok Sabha the introduction and consideration of the Bill.

(ii) in clause (a), for the words, brackets and letter "to the International Bank under paragraph (a)", the words, brackets and letters "to the International Bank under paragraphs (a) and (c)" shall be substituted.

Amendment
of section 7.

5. Section 7 of the principal Ordinance shall be re-numbered as sub-section (1) thereof, and after sub-section (1) as so re-numbered, the following sub-section shall be inserted, namely:—

"(2) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule, or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule."

STATEMENT OF OBJECTS AND REASONS

The International Monetary Fund and the International Bank for Reconstruction and Development were brought into existence through an International Agreement concluded at the U.N. Monetary and Financial Conference held in December, 1945, and India became one of the original members of these institutions by signing the respective Articles of Agreements. An Ordinance called the "International Monetary Fund and Bank Ordinance, 1945" was promulgated in December, 1945 to implement the Agreements under which these two institutions were established. This Ordinance is still in force.

Section 2(1) (a) of the Ordinance requires the Central Government to pay out of Central revenues such sums as may from time to time be required for the purpose of paying India's original quota in the International Monetary Fund and its initial subscription to the capital stock of the International Bank. The section also requires the Central Government to make subscription towards an increase in the quota in the International Monetary Fund. The Ordinance, however, contains no provision empowering the Central Government to subscribe towards additional shares in respect of an increase in the authorised capital stock of the Bank.

The Board of Governors of the International Bank has recently decided on an increase in the authorised capital stock of the International Bank and a general 100% increase in the subscriptions of all member countries. Since the Ordinance does not authorise payment in respect of any increase in our subscription on account of an increase in the authorised capital stock of the Bank, it has become necessary to amend the Ordinance and provide for such authority. Clause 4(ii) of the Bill seeks to achieve this purpose.

Opportunity has also been taken to convert the Ordinance into an Act.

NEW DELHI;
The 25th July, 1959.

MORARJI R. DESAI

FINANCIAL MEMORANDUM

The Bill amends the International Monetary Fund and Bank Ordinance, 1945, with the chief object of empowering the Central Government to pay out of the Consolidated Fund of India such sums as may from time to time be necessary for the payment of subscription towards India's additional shares in the increased capital stock of the International Bank for Reconstruction and Development. India's present shares in the Bank are equivalent to \$400 million and the additional shares as contemplated at present will also be of the same amount. According to the decision of the Board of Governors of the Bank, the entire subscription towards the additional shares will remain unpaid. The Bank will have the right to call for this subscription only when it is required by it for meeting its obligations and liabilities. The purpose of the increase in the authorized capital stock of the Bank, towards which India, together with other member countries, proposes to subscribe additional shares is to enable the Bank to borrow larger sums in the World capital markets, on the strength of its increased capital, and thus augment its resources for lending to member countries. India's additional subscription of \$400 million will thus not be paid immediately, but only when a contingency of this nature arises. Apart from this contingent payment at a future date, no expenditure is involved.

M. N. KAUL,
Secretary.